

Political Consequences of New Zealand's MMP System in Comparative Perspective

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Introduction

The distinctions between single member plurality systems and proportional representation systems are well known among students of electoral systems. The contrast between these two 'ideal' types is such that most students can effortlessly list a litany of political consequences emanating from the choice of either of these systems, including the impact on the number of parties, coalition government, cabinet durability, etc. But beyond the ideal types, there continue to be interesting puzzles that capture scholarly attention. One of these puzzles which this edited volume focuses on is the question of why countries with seemingly similar electoral systems have different outcomes. In the first chapter of this book, Batto and Cox observe that while Japan and Taiwan both have adopted mixed-member majoritarian (MMM) electoral systems, the countries have differed in the number of parties in their party systems. In this chapter, we extend the discussion of mixed-member systems to include the Asia-Pacific's one case of a mixed-member proportional (MMP) system, New Zealand.

A particular puzzle of the New Zealand experience with MMP is that, over the years the system has been in place, the effective number of electoral parties has generally declined. This trend is evident in spite of an electoral system design that is highly proportional, and stands in contrast to the mostly similar case of Germany, where recent elections have seen a rise in the effective number of parties. Moreover, in New Zealand,

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unlike both the East Asian and German cases, the number of very small parties is high. We argue that the persistence of these “micro-parties” in New Zealand can be understood only by taking into account both specific features of its MMP system and politicians’ pursuit of ministerial posts. Thus we agree with Batto and Cox, in this volume, that the electoral system and its effects on legislative competition provide only a partial explanation. We must also consider the contribution of executive-centric explanations.

In their comparison of Japan and Taiwan, Batto and Cox stress those two countries’ different executive formats--semi-presidential in Taiwan but parliamentary in Japan. They also stress another factor, intra-party factions competing for executive posts, including at the sub-national level in the case of Taiwan. New Zealand, like Germany, is a parliamentary system, and neither of these MMP countries has anything like the entrenched factional competition of Japan and Taiwan. Rather, when there are internal party disagreements, they must either be worked out within the confines of the party, or else the party splits. The establishment of new parties out of divisions in old ones has been a factor in both Germany and New Zealand. In the former case, a substantial upward push to the effective number of parties occurred when the leading party of the center-left, the Social Democrats, split and the defectors merged with the ex-Communists of the old East Germany to form the Left Party. The formation of the Left was thus the result of a policy-based split in a then-governing party.² In New Zealand, however, most splinters have been ambitious seekers of ministerial posts who use their safe seats to launch new parties. The main exception is the Green Party of Aoteroa New Zealand, which emerged out of the turmoil of the left-wing Alliance³ in the early years of the new electoral system and subsequently established itself as an alternative policy-seeking party.

In this chapter, we examine the New Zealand experience of its mixed-member proportional system and suggest that to explain the political consequences witnessed in New Zealand requires us to examine both the mechanical effects of electoral rules, including features specific to New Zealand’s variant of MMP, as well as the incentives of politicians to seek ministerial posts outside of the main parties. In the next section, we

² Thus far the Left has not been considered a party with coalition potential.

³ In fact, the Green Party’s roots go back before the Alliance was formed, and may be found in the Values Party that contested several elections (but won no seats) in the 1970s and 1980s.

offer an overview of the system's performance over its first six elections, and then discuss issues relevant to the 2011 referendum on the electoral system. In the subsequent section, we re-state the theoretical predictions of the effects of a shift from its former First Past the Post or also known as Single Member Plurality (SMP)⁴ system to MMP on the party system and its competitiveness, on the impact on coalition formation, and the "contamination effects" (Herron and Nishikawa 2001) between the plurality and PR components of the system. We argue that the number of parties in New Zealand under MMP, averaged across six elections, is consistent with what electoral systems theory should lead us to expect. However, were it not for peculiar features of the New Zealand system, and the presence of what we term "legacy politicians" seeking to obtain ministerial positions, we would be unlikely to observe as many very small parties as we have in New Zealand. We also find that in recent elections, there is decreasing evidence of "contamination" as the two tiers have diverged in their effective number of parties (two-party dominance of plurality races, but higher fragmentation in the PR tier)--a pattern quite different from what has emerged in the German MMP system, especially recently. Finally, we explore the "intra-party dimension" (Shugart 2005), where we find evidence for a different kind of contamination, whereby dual candidacy appears to encourage even legislators elected via the party lists to behave almost as if they represented a local district.

New Zealand under MMP

Ten years after the Royal Commission published its report, *Towards a Better Democracy*, in 1996 New Zealand conducted its first parliamentary elections under MMP. In Table 1, we see the results of the elections under MMP since 1996. It is immediately evident that many more parties have run for, and won, parliamentary seats under this proportional electoral system. Moreover, no party has won more than half the seats, in stark contrast to the SMP system prior to 1996. Table 1 further shows the breakdown for

⁴ While the term First Past the Post electoral system is more commonly used in New Zealand to describe the Single Member Plurality (SMP) electoral system, in this chapter we used the term SMP as part of the standardized usage of acronyms and terminology in this volume.

each party between seats won via the nominal tier, which is made up of 60-70 (depending on the year) single-seat districts (known as electorates in New Zealand), and the list tier.

[TABLE 1 ABOUT HERE]

Under New Zealand's MMP system, only parties that win at least 5% of the party vote, or at least one district, may participate in the distribution of list seats. The consequences of this provision can be seen also in the 2008 results, when New Zealand First won 4.1% of the party votes, but no seats, yet ACT won five seats on only 3.7% of the party vote. Both parties obviously failed to clear the 5% threshold, yet the reason ACT won seats is that one of its electorate candidates won his contest. Having thus qualified for representation (in effect, waiving the party-vote threshold), this party was eligible to win full compensation via the list, electing another four MPs.

We can quickly contrast MMP in New Zealand (and the broadly similar system in Germany) with the Mixed-Member Majoritarian (MMM) type otherwise more common in the Asia-Pacific region.⁵ Table 2 compares two MMM systems (Japan and Taiwan) and two MMP (New Zealand and Germany) on the widely accepted measure of disproportionality, Gallagher's Least Squares Index. The lower the number, the more proportional the result. Germany is shown separately for both the pre-1990 West Germany and the post-unification period from 1990 on, when disproportionality has tended to be somewhat higher. The two MMM systems have sharply higher disproportionality; in fact, Japan's lowest value (8.52 in 2003) is substantially higher than the highest value observed under MMP in Germany or New Zealand. Thus Table 2 shows very clearly the mechanical effect of MMP vs. MMM.

[TABLE 2 ABOUT HERE]

The 2011 Referendum on Whether to Retain MMP

Fifteen years after New Zealand adopted the mixed member proportional representation (MMP) system, on November 26, 2011, New Zealanders were asked in a referendum whether they would like to keep or replace the mixed member proportional representation system (MMP). Though the referendum was largely overshadowed by the concurrent parliamentary election, the lead up to the referendum and the general

⁵ For a detailed typology of MMP and MMM systems, see Shugart and Wattenberg (2001a).

election created the normal buzz of electioneering and campaigning amongst proponents and opponents of MMP. Despite some misgivings about MMP, 57.8 percent of the voters voted to keep it.

One of the provisions of the law mandating the referendum was that, were MMP to be retained, there would be a mandatory review of ways to “improve” it. The Electoral Commission carried out an independent review in 2012, which included opportunities for public submissions and hearings on several aspects of the system. The review addressed the level of the threshold for earning proportional seats, the question of dual candidacy (i.e. candidates running in both tiers), and several other matters (see Electoral Commission, 2012). It specifically was not permitted to consider the size of parliament or the provisions for representation of the country’s indigenous Maori minority. The Electoral Commission, in its final report released in August, 2012, recommended modest changes: reducing the threshold from 5 to 4 percent, abolishing the alternative one-district threshold, and abolishing the provision of overhang seats for parties not reaching the threshold.⁶ Any changes would have to be approved by parliament. We will address several of the Commission’s findings and recommendations in the course of this chapter.

The main reason for holding a referendum on the electoral system is that the National Party had promised to review the system before coming back to power in 2008, and even accused Labour of having reneged on an earlier promise to undertake a review. That National would have greater skepticism about the MMP system is comprehensible as MMP is more disadvantageous to a center-right party that draws its support mainly from conservative, rural, and upper middle class and wealthy New Zealanders in a country whose median voter is more left of center. Moreover, it has consolidated the center-right vote to the extent that it won 44.9% in 2008 and 47.3% in 2011, in contrast to

⁶ An “overhang” results when a party with less than five percent of the party-list vote obtains at least one district seat. Under current practice, not only does such a party qualify for list seats, but if its number of districts won exceeds its proportional share (of 120), the size of parliament is expanded to account for the overhangs. The Electoral Commission proposed ending both practices. In addition, it recommended retaining the status quo for by-election candidacy, dual candidacy (which we discuss below), and ordering of party lists.

Labour's average of around 40% in the three straight MMP elections in which it was the largest party. Thus National is in a strong position to win parliamentary majorities under a non-proportional system, whereas such a system could pose coordination challenges to the center-left, particularly given the rise in strength of the Green Party since 2002 (see Table 1).⁷ The majority support in the referendum probably closes for some time any further consideration of replacing MMP.

Effects on the Number of Parties

New Zealand was a quintessential example of a Westminster majoritarian parliamentary democracy. With the SMP electoral system, pre-1996 governments were solidly single-party majority governments controlled by one of just two dominant parties.

It is, however, important not to overstate the "two-party-ness" of New Zealand politics from the 1970s on. Several elections under SMP resulted in substantial vote shares for parties other than Labour and National. Nonetheless, the mechanical effect of plurality seat-allocation, and the lack of significant regional strongholds for any of the smaller parties, meant that parliament remained almost completely the preserve of the two big parties. In fact, in elections via SMP after 1945, the maximum number of parties with seats in any election was three until 1993, when four parties won seats in the final SMP election, which was concurrent with the referendum in which MMP was approved. Even more to the point, in none of these elections did the third party win more than two seats.

In New Zealand's elections under SMP, majority governments always resulted, although often based on only around 40% of the votes. Thus we can say that the mechanical effect was working as expected from Duverger's Law, forcing the real choice to be between just two parties. Nonetheless the "psychological effect" had less impact over time. In every election from 1960 on, the third party (usually Social Credit) won over 6% of the vote, and from 1984 on, with the exception of the 1987 election, the third largest party always had anywhere from 12% to a high of more than 20%. Thus voters

⁷ Nonetheless, the National Party, as of 2011, has actually formed three of the six post-MMP governments, albeit with some bargaining challenges, as we discuss in the section below on government formation.

showed some willingness to vote for third parties that had no realistic chance of winning significant numbers of seats, let alone any governing influence.

Of course, as expected, a move to a proportional system starting in 1996 has meant that many parties can earn representation, even with relatively small vote shares, as Table 1 showed. New Zealand's sixth parliament of the MMP era, elected in 2011, has eight political parties represented. The National, Labour, and Green parties account for 107 of the 121 parliamentary seats, leaving fourteen additional seats divided amongst five parties. The 2011 election is not an outlier: As Table 3 shows, the number of parliamentary parties has been between six and eight since 1996. This is a stark contrast to the two or three parties represented in elections under SMP.

The relatively high number of parliamentary parties under MMP, however, masks the imbalance in parliamentary representation amongst them. To take account of the relative sizes of parties, the most common index is the "effective" number of parliamentary parties (N_s) index, presented in Table 3, which counts the parties by weighting them by their sizes. For New Zealand's six elections under MMP, N_s was at its highest in the first MMP election of 1996 (3.76) and was as low as 2.78 in 2008. It has averaged 3.28. It is evident from these statistics that New Zealand, as predicted by theory, has moved away from two-party dominance to a multi-party parliamentary system. In comparison to the raw number of parliamentary parties, the lower effective number reflects the presence of two strong parties, plus various smaller parties. As a result, coalition negotiations have always revolved around one of the big parties, Labour or National, and various smaller partners, as we discuss in detail later.

[TABLE 3 ABOUT HERE]

How does the presence of 6–8 parties winning at least one seat, but an effective number of parliamentary parties averaging just over three compare to what might be expected from an electoral system like New Zealand's? We will address this question from two perspectives: first, comparing to the only long-established MMP system prior to New Zealand, that of Germany; second, by reference to theoretical work in comparative electoral systems.

Germany's postwar electoral system is similar to that adopted by New Zealand in 1996. In elections since 1953, the voter has been allowed two votes, one for a candidate

in a single-member district and one for a party list.; overall proportionality is calculated nationwide based on party-list votes for those parties clearing a nationwide threshold of five percent.⁸ While the number of parties earning at least one seat was higher in the first elections, from 1961 on every election resulted in four parties in the Bundestag (Christian Democratic Union, Christian Social Union,⁹ Social Democratic Party, and Free Democratic Party) until 1983, when the Green Party surpassed the threshold for the first time. Since reunification in 1990, there have been six parties, with the former East German Communist Party, renamed the Party of Democratic Socialism, joining the mix. This latter party combined with a left-wing splinter from the Social Democrats before the 2002 election to form the Left Party, keeping the number of represented parties at six as of 2009.

Thus, even with the recent increase in the number of parties in the German parliament to six, that country continues to have fewer parties with parliamentary representation than New Zealand has had in any election since 1999. Nonetheless, in Germany since reunification the effective number of parties in parliament has been higher: taking the seven elections from 1990, N_s values have been 3.17, 3.45, 3.31, 3.38, 4.05, 4.83, 2.80.¹⁰ The generally upward trend until the last election in that sequence (2013)¹¹ is notable, and contrasts with the more erratic but recently downward trend in New Zealand's MMP era (Table 3). By contrast, in the last six elections in Germany before reunification, 1969–87, N_s averaged only 2.99 and was over 3.00 only in 1980 and 1983.¹² Thus in terms of the effective number of parliamentary parties, New Zealand

⁸ As in New Zealand, there is a provision for overhang seats (*überhangmandate*). A key difference in Germany is that even though overall proportional entitlements to parties are determined nationwide, the overhangs are determined within each state.

⁹ As is typical, we count the Christian Democratic Union and the Christian Social Union as separate parties. The latter competes only in Bavaria, whereas the former competes in the rest of the country. The two act as a single party in parliament.

¹⁰ If we were to count the CDU and CSU as one party, these figures would be about .84 as high, on average (3.97 in 2009). All but the 1990 figure (2.65) would remain higher than any value in New Zealand under MMP.

¹¹ N_s fell in 2013 in large part due to the Free Democratic Party failing to clear the threshold.

¹² Counting CDU and CSU as one, the 1969-87 average is 2.44 and it would not be over 3.00 until 2005.

since 2005 looks more like Germany in the 1970s and 1980s than like the latter country's more recent elections. However, the more recent increase in Germany's effective number, particularly in the first decade of the 2000s, should serve as a reminder that an effective number near three, such as New Zealand has had recently, is not necessarily what we should expect as "typical" under MMP.

A further puzzle in comparing these two MMP systems lies in the fact that New Zealand's actual number of parties having at least one seat is somewhat higher, while its effective number is, especially recently, lower than in Germany. The main factor driving this difference is that most of the minor parties in New Zealand tend to be exceptionally small parties, sometimes earning only one or a few seats each. As we will discuss in more detail below, a key reason that New Zealand has some very small parties, but Germany does not, is that in New Zealand a party that falls below the 5% party-vote threshold nonetheless qualifies for proportional representation seats if it wins just one district. In Germany, a party below the threshold needs three district pluralities.¹³ Only once since the 1950s has a party in Germany entered parliament despite not clearing the party-vote threshold.¹⁴ In New Zealand, there have been four such parties in each of the three most recent elections (2005, 2008, 2011). Except for the Maori Party (discussed below), each of these parties has entered parliament by winning just one district seat; some of these have then qualified for anywhere from one to four additional seats from the

¹³ It is worth noting that, due to the difference in parliament sizes, Germany's alternative threshold of three districts won is not clearly higher than New Zealand's one district. Germany's was equivalent to about 1.2% of total districts before reunification but is about 0.5% of districts in the larger post-unification Bundestag. New Zealand's is around 1.4% of districts. Nonetheless, it is presumably more difficult for a very small party to find three candidates capable of winning districts--assuming it is not a party focused on a regional cleavage--than it is to have one such candidate. In the case of New Zealand, as we discuss later, that one candidate is often the party founder who already held the seat with one of the larger parties in the pre-MMP era.

¹⁴ In 1994, the Party of Democratic Socialism won three districts in the formerly Communist east, but only 4.4% of the nationwide party vote. In 1990, it won representation with only 2.4% of the nationwide party vote, but at that election there was a one-time variance in the threshold: a party had to win 5% in only one of the former separate countries of West and East Germany, rather than nationwide.

party list.¹⁵ Only once has the number of parties clearing the party-vote threshold exceeded five; starting in 2005, just three or four have done so. Thus, were it not for small parties winning districts in New Zealand, the number of parties would be substantially lower.

How about expectations based on theory of electoral systems? We can draw on the work of Taagepera (2007), who has taken the institutional constraints of “simple” electoral systems as a starting point for estimating logically what the number of parties “should be”, on average. Of course, a mixed-member proportional system is not simple, in that it has two tiers of allocation. However, ignoring for a moment the threshold, New Zealand’s MMP does allocate seats as if it were one district of 120 seats. Given nationwide calculation of seat shares from party votes, and further given the possibility of a party winning a seat with a vote share much less than the 5% threshold (by winning just one district), treating the system as a national district without a threshold is not wildly off, even if it is an oversimplification. If we use these simple assumptions, Taagepera’s Seat Product¹⁶ leads to a prediction of 11 parties winning at least one seat, and effective $N_s=4.90$. However, of course, there is a threshold. In a more recent work (Taagepera, unpublished), models are derived estimating the number of parties, both actual and effective, from a nationwide threshold. Applying these models¹⁷ to New Zealand’s 5% threshold, we get an estimate of 4.47 parties winning at least one seat and effective $N_s=2.71$.

Given that we don’t know which threshold is more constraining, one-district or 5% party-vote, a logical extension of Taagepera’s technique would be to take the geometric mean of the two predictions. That leads to:

Actual number of parties, $\sqrt{11*4.5} = 7.0$

Effective number of parliamentary parties (N_s), $\sqrt{4.9*2.7} = 3.6$

¹⁵ In practice, a party that has one district win needs about 1.5% of the party vote to qualify for a second seat.

¹⁶ The Seat Product is the average district magnitude (M) multiplied by the size of the assembly (S). Taagepera’s models predict that the number of seat-winning parties (of any size) is the fourth root of the Seat Product, while the effective number is the sixth root: $N_s=(MS)^{1/6}$.

¹⁷ Actual parties are approximated by the inverse square root of the threshold (expressed in fractions rather than percent), and N_s by the inverse cube root, according to the logical models.

These derived estimates closely match the observed average values (Table 3): 7.2 actual parties and an effective number of 3.28. We have too few elections to work with here to say for sure that it is not just by chance that the number of parties (effective or otherwise) comes close to predictions derived from our application of Taagepera's methods, but the conclusion we can draw is that the number of parties is not "too high" in New Zealand, given institutional constraints.¹⁸ Moreover, as Table 3 showed, the effective number of parties has not been greater than 2.98 for the last three elections. This value is closer to what we expect from the 5% threshold itself. Such a value is also consistent with the idea of the two major parties reasserting themselves via the district-level Duvergerian effect. If such an effect is also carrying over to the party-list ballot, it would be an argument for a "contamination" effect, which is a theme we return to below.

Effects on government formation

As a result of the greater number of parties in New Zealand under MMP, all governments since 1996 have been multiparty coalition cabinets (and most have been minority governments). Indeed, New Zealand's experience is quite similar to Germany's: two large parties holding positions just to the right and left of center and a group of smaller parties. Like Germany as well, the two large parties have taken turns leading the government, although New Zealand has not had a "grand coalition" of the two big parties as Germany has experienced three times (following elections of 196 , 2005, and 2013). A substantial difference from the German experience is that every government in Germany has consisted of just three or four parties¹⁹ while in New Zealand most governments have entailed formalized cooperation between one big party

¹⁸ In Germany, given the greater difficulty of a small party winning despite being below the threshold, one would want to use only the threshold-based models. An estimated 4.47 parties (of any size) in parliament is close to the recently observed 5, but the observed effective number is now much higher than the estimated 2.71. Perhaps it is Germany, and not the newer MMP case of New Zealand, that is the hard case to explain!

¹⁹ The minimum in any one cabinet has been three if we count the two Christian Democratic parties (CDU and CSU) separately. While they always have entered government or gone into opposition as if they were one party, they maintain their separate party organizations and leadership.

and an additional two or three smaller parties. Often each of the small parties has only one or a few seats in parliament.

In this section, we go beyond the analysis of the electoral system to consider how incentives for seeking executive posts have affected the number of parties. We draw on the insights of Batto and Cox (introduction, this volume), who aptly remind us that the pursuit of executive posts may have an independent effect. Batto and Cox note that in parliamentary systems competition for executive posts allows for a mixture of both electoral and post-electoral strategies. In New Zealand, post-electoral strategies have been common,²⁰ as small parties, often founded from splinters off the main parties, have been influential in the government-formation process. We will first outline the main features of New Zealand's inter-party bargaining, and then offer an explanation grounded in specific features of the country's MMP system and the pursuit of executive posts to explain these patterns.

Coalition and Minority Governments

As can be observed from Table 4, the number of political parties in coalition governments has increased after 1999. As we will discuss later in this section, New Zealand parties have come up with creative arrangements other than outright coalition cabinets, such as the confidence and supply agreements²¹ or ministers outside of cabinet. Despite the recent prevalence of such arrangements, we can still speak of coalitions, of varying degrees of formality, between one major party and multiple smaller ones that have received ministerial posts. In many of these cases, the parties in coalition agreements have only one to three MPs, and have depended not on clearing the five-percent threshold, but rather winning at least one district seat, to be in parliament. Examples of parties with ministerial posts but less than 5% of the vote include Progressive in 2002 and 2005, United Future in 2005-11, and both ACT and the Maori Party in 2008 and 2011. In fact, of the parties cooperating in government with either National or Labour since MMP was enacted, only New Zealand First in 1996 and 2005,

²⁰ This is in partial contrast to Japan and Taiwan, where pre-electoral alliances have been more common.

²¹ Such agreements state that a minor party will not vote against the government in motions of confidence or supply, typically in exchange for some cooperation on policy areas of mutual interest.

Alliance in 1999, and United Future in 2002 have had more than five percent of the party vote.

[TABLE 4 ABOUT HERE]

Notably New Zealand's Green Party has so far not obtained any ministerial portfolios, despite having cleared the 5% party-vote threshold in every election it has contested (since 1999). Only in the 1999-2002 parliament did the Greens have a confidence and supply agreement with the government. Thus we can divide the parties other than Labour and National into two categories: "micro-parties" that enter parliament with just a few MPs and despite missing the 5% threshold, and "mid-sized parties" that clear the threshold. Some parties, such as ACT, New Zealand First, and United Future have been in one category in one election and the other at other times. Only the Greens have consistently been a threshold-clearing mid-sized party.

Micro-parties and Legacy Politicians. As we saw above (see Table 3), New Zealand under MMP has had a relatively high number of parties with at least one seat in parliament, but a relatively low effective number of parties. In fact, micro-parties have been a consistent feature of New Zealand's MMP-era parliaments. For instance, of the eight parties represented in the parliament elected in 2011, three (ACT, Mana, and United Future) have one seat each and one other party (Maori Party) has three seats. With the exception of Mana, each of these earned ministerial concessions from National in the post-electoral bargaining (as indeed they had done in 2008).

Why, then, is there a large number of micro-parties in the New Zealand parliament? We argue that the answer lies partly in electoral-system provisions—not only the one-seat alternative threshold for proportional representation, but also the retention of the special Maori districts even under MMP²². However, these factors are insufficient to explain the micro-parties, the persistence of which also depends, we argue, on incentives to seek executive posts via anticipated concessions in post-electoral

²² As discussed in greater detail below, Maori voters under both the SMP and MMP systems have had the option of voting in separate single-member districts set aside to ensure representation of the Maori. The Royal Commission had recommended abolishing the Maori districts as unnecessary under a proportional system, but waiving the usual party-vote threshold for parties representing Maori.

bargaining. There is also another (and probably relatively minor) factor, the issue of parliamentary compensation, subsidy, and support for parties.

As noted above, New Zealand electoral rules require political parties to win five percent of the party vote or at least one district seat to be eligible for proportional-representation seats. The low alternative threshold allows for micro-parties to survive with ease as long as these parties have at least one politician with a local support base. Interestingly, these micro-parties are actually splinter parties of a large party, Labour or National. United Future's party leader, Peter Dunne, was a longtime Labour politician with strong support in a wealthy suburb of Wellington. In 2005 the Foreshore and Seabed Act, directly affecting Maori customary rights, saw the creation of the Maori Party when some Maori politicians defected from the Labour Party. The National Party had politicians split from it in 1993 to create the New Zealand First Party led by Winston Peters and the ACT Party led at the 2011 election by John Banks.²³ While the populist New Zealand First has sometimes been a micro-party dependent on Peters winning his electorate (Tauranga, till he was defeated in 2005) and other times has cleared the threshold (as in 1996, 2005, and 2011), throughout it has been a party dependent primarily on the personal appeal of its leader, whose career spans back to the SMP era. ACT Party, on the other hand, managed to win 6-7% of the party vote in the first three MMP elections, but in the three subsequent elections it would not have been represented had it not won an electorate seat. In 2011, its electorate (Epsom, in Auckland) was the only seat it won. The importance of the one-seat threshold and legacy politicians is especially observable in the career of Jim Anderton. He was a longtime Labour MP in the Christchurch era, first elected in 1984, who split off to lead the Alliance.²⁴ This party split during its coalition with Labour between the 1999 and 2002 elections, with Anderton leaving to form a vehicle officially registered as Jim Anderton's Progressive Coalition (rendering Alliance both without a prominent politician to win a district and too small to clear the threshold). Anderton's safe seat continued to allow his party to win one or two seats (Table 1) as long as he remained an MP, but when he retired before the 2011 election, he shut down his Progressive party. The one-seat threshold, then, has been a

²³ A Labour defector, former Finance Minister Roger Douglas, was also a co-founder of ACT.

²⁴ After a brief stint with a party called New Labour.

major factor in why New Zealand has so many micro-parties. Needless to say, these have implications for the complexity of post-election coalition negotiations that were depicted in Table 4.

A second reason for micro-parties and legacy politicians is the nature of the Maori special seats. In the New Zealand system, the Maori special seats, which already existed under FPTP, are super-imposed on the whole country; that is, every voter resides in both a general district and a Maori district, and if the voter is of Maori descent, he or she may choose which one to register to vote in.²⁵ Currently, there are seven Maori district seats; the number is adjusted according to the size of the Maori electoral roll. A Maori enrolled voter receives the Maori district ballot as well as the party vote ballot (which, counting for nationwide representation, is the same for all voters). Maoris historically identified with the Labour Party, thus prior to 2005, Maori MPs were mainly Labour. However, in 2005 the former Labour MPs who formed the Maori Party were able to tap into this constituency base and the new party won four of the seven Maori special seats. In 2008, the Maori Party kept its four seats but in April 2011, a split saw one of its MPs establish the rival Mana Party, which retained its one seat in 2011. Similar in effect to the low threshold levels for the parties competing in the general electorate, the Maori special seats have aided in the success of these micro-parties in the MMP era. Without MMP and its mechanical effects, there may never have been one separate party for Maori voters, let alone two of them. However, combined with the expectation that under MMP single-party majority governments are unlikely, having the separate Maori districts has created a further incentive to split off from a major party and possibly represent this constituency with a party that can engage in post-electoral bargaining for ministerial positions and policy concessions. We now turn to a discussion of how smaller parties have related to the major parties in government formation.

Post-electoral bargaining over executive posts and policy. The political consequences of a proportional electoral system point to the relative likelihood of coalition governments instead of single-party majority cabinets. As such, the occurrence of coalition governments in post-SMP New Zealand is to be expected. Yet

²⁵ In the voter registration period, citizens are asked whether they claim Maori ethnicity and, if so, if they would like to be enrolled in the Maori roll.

the electoral system is insufficient for explaining the types of coalition that form, or accounting for the presence of the micro-parties in sometimes prominent roles in government. In the New Zealand case, coalition arrangements are quite varied and have had features that present challenges in classifying them. Of the six governments formed in the MMP era, most are technically minority governments, despite the confidence-and-supply agreements with supporting parties (Table 4). Since 2005, New Zealand governments have been innovative in cabinet formation with several small and micro-parties supporting the large party in a coalition but absolving themselves of collective cabinet responsibility by remaining outside of cabinet. The Labour government of 2005 was a four-party coalition that included the Progressives, New Zealand First, and United Future. Each of the party leaders of these small parties (micro-parties in the case of United Future and Progressives) held ministerial posts. The United Future leader held the post of Minister of Revenue while the NZ First leader became Foreign Affairs Minister yet both of them were formally not considered cabinet members in order for their parties not to be bound by cabinet collective responsibility outside the areas of the portfolios. In 2008, the National government continued this practice, entering a partnership with ACT, United Future as well as Maori Party. This arrangement continued following the 2011 election.

These innovative arrangements of holding ministerial appointments and rank but staying outside of cabinets are unique but have not necessarily spared the micro-parties of incumbency responsibility and costs. At times the supporting parties have been able to vote against cabinet policy such as the case of the United Future voting against the emission trading scheme (ETS) in 2008. Miller and Curtin (2011), in their study of the costs of coalition, provided evidence that small parties in coalition governments have paid the price by losing parliamentary seats in subsequent elections. Using the 2011 general election as an example, the United Future lost one of its two MPs and the ACT Party lost three of its four, despite not being bound to cabinet responsibility outside their own ministerial positions.

Why, then, does this type of minority government exist in New Zealand? The impact of MMP on the New Zealand model is part of the story, but a critical factor is the nature of the executive. As mentioned in an earlier section, New Zealand's relatively low

threshold for seat allocation, in particular the alternative to the party-vote threshold, has unwittingly stimulated the growth of micro-parties and thereby enhanced the leverage of legacy politicians. The proliferation of political parties led by ambitious seekers of executive portfolios has created complications for coalition formation. With limited options from left to right spectrum and the requirements for coalitions of at least four parties the innovation to create governments that are technically minority governments, yet provide pivotal roles to micro-parties, has come to typify the New Zealand experience.

Furthermore, the consequence of New Zealand's Westminster parliamentary tradition cannot be ignored in explaining the prevalence of minority governments. As Boston (2011, p. 80) argues, "[g]iven the uncomplicated and predictable nature of government formation under the first-past-the-post electoral system, New Zealand had no need to develop the kind of formal and informal rules that characterize the process in most countries with proportional representation." As New Zealand shifted to MMP, many of the formal and informal rules were never revised. Boston (2011) notes that New Zealand coalition negotiations are unencumbered and tend to be 'free-style bargaining environment' (p. 82) as there are no constitutional provisions to the appointment of a formateur or informateur, nor are there explicit rules on how the inter-party bargaining is to be conducted. In addition, there is no constitutional constraint on the duration of government formation or the need for an investiture vote (Boston 2011). We can infer from the absence of these formal constitutional constraints and informal rules increased incentives both to form minority governments and to seek innovative ways of establishing cooperation among multiple parties. The combination of an MMP rule allowing parties to gain proportional representation seats even if they fall below 5%-provided they win one district--with an unusually informal parliamentary executive structure makes for significant incentives to splinter parties. All that is needed is an assurance of one safe seat for a micro-party, and then even if its party vote is not sufficient for a second seat, that (one-MP) party may be in a pivotal bargaining position. In the government following the 2011 election, United Future (with one safe seat for its leader, Peter Dunne, who has held it since 1984), ACT (with what otherwise would be a safe National seat in Auckland), plus the Maori Party (which wins only in Maori districts), all have been able to earn ministerial posts and policy influence.

The flexibility of inter-party relationships in New Zealand under MMP is demonstrated even further by the case of a consistently mid-sized party, by our definition: the Green Party, which has cleared the threshold in every election since 1999, and in 2011 elected 14 MPs. Despite its consistent middle size, the Greens have never held ministerial positions. However, they have had various policy-based relationships with Labour-led governments and in specific policy areas even with National.

The Greens supported the Labour–Progressive minority coalition of 1999–2002 via a confidence-and-supply agreement, which entailed no executive posts for the Green Party, but offered them policy influence. The two parties diverged in a very public way over the government’s intention to lift a moratorium on the importation of genetically modified crops.²⁶ As a result of the disagreement, Labour PM Helen Clark called the 2002 election a few months early. In the campaign the Greens pledged that they would not support a government that would lift the moratorium. Following that election, Labour and Progressives were able to obtain support on confidence and supply from the United Future Party (which won 8 seats, its strongest showing to date). The Greens, who also increased their support from 7 to 9 seats, went into opposition. By standing firm on an issue, the Greens cemented their reputation as a policy-seeking party.

In the run-up to the 2005 election, Greens and Labour both campaigned on a series of pro-environment policies, including the possible introduction of a carbon tax.²⁷ During the campaign, the Greens publicly indicated an intention to assume cabinet positions.²⁸ However, the election did not give these two parties, plus Progressives, a majority in parliament. Labour instead signed confidence and supply agreements with United Future and New Zealand First, both of which vetoed a Green presence in the cabinet. During the life of that government, Greens had only a “Cooperation Agreement” and a role of “Spokesperson” on energy efficiency and a “Buy Kiwi Made” campaign.²⁹

²⁶ See “Greens given GM warning” *New Zealand Herald* March 6, 2002. The narrative here also draws heavily on Carroll (2005).

²⁷ “Labour takes Green road,” *New Zealand Herald* 31 August 2005; “Concessions squeezed out of Labour,” *New Zealand Herald* 18 October 2005.

²⁸ “Greens demand two posts in Cabinet,” 15 September 2005.

²⁹ “Labour-led Government Co-operation Agreement with Greens,” 17 October 2005 (accessed by authors from Green Party website on 20 October 2005).

Thus the 2002-05 term of parliament featured further examples of the sort of flexible inter-party arrangements that we discussed above. In addition to this being the government that pioneered the concept of ministers outside cabinet, it also had the unusual situation of what was technically an opposition party (because Greens were not committed to supporting the government on confidence and supply)³⁰ serving as the government's official voice on some policy issues.

In the final months of the government, prior to the 2008 election, the Green Party backed the Labour government's Emissions Trading Scheme (ETS) when the United Future party invoked the "agree to disagree" clause in its confidence and supply agreement and announced it would vote against. The Greens undertook a consultation process with their supporters over whether to accept the ETS, which was much weaker than the carbon tax they (and Labour) had promised in 2005. In the end, they supported the ETS in exchange for the inclusion of a provision offering credits to homeowners who installed insulation.³¹ Even under the National-led government of 2008-11, which significantly revised the ETS to be more favorable to business and farmers,³² the Greens maintained a written agreement with the government to pursue some policies of mutual agreement, such as home insulation and regulation of natural health products.³³ These various examples thus show a case of a mid-sized party that enjoys representation thanks to the MMP system--never being dependent on winning districts to enter parliament³⁴--

³⁰ In fact, the party went so far as to issue a press release on 19 October 2005 saying the presence of New Zealand First and United Future meant the government was "bad news for New Zealand workers".

³¹ "Labour wins crucial votes on emissions trading plan," New Zealand Herald, 27 August 2008.

³² The amendments to the ETS secured the support of the now National-aligned United Future. In addition, the Maori Party was pivotal, and for its support obtained a provision allowing carbon credits for the planting of trees on tribal land. See "Emissions trading money scramble," The Press (Christchurch), 23 November 2009, and "'Sellout' claim over ETS deal," The Press (Christchurch), 24 November, 2009. The staunchly pro-market ACT, also a National partner, voted against the amended ETS (preferring no ETS at all).

³³ "Memorandum of Understanding Between The New Zealand National Party and The Green Party of Aotearoa New Zealand", dated 8 April 2009, accessed from the Green Party website in November, 2009.

³⁴ The Greens won an electorate (Coromandel) once, in 1999, thanks to some informal cooperation with the Labour Party, which did not withdraw its candidate from the district, but did encourage supporters to vote for the Green in the otherwise National-leaning district.

and employing a wide range of different tactics to enhance its policy influence despite so far never having one of its MPs appointed to a ministerial post.

What is distinctive about the Greens in the New Zealand party system is their being a policy-based mid-sized party. Other parties have tried to carve out a niche in the policy space, but have failed to remain consistently over the threshold (ACT, NZF). United Future once has surpassed the threshold, in 2002, with the aid of an alliance with a conservative Christian group, but its support subsequently declined. It even tried to reposition itself as an outdoorsman's party in 2011 by placing campaign signs on the South Island against a pesticide being used to combat invasive pests, but received little electoral payoff and retained only the seat of its leader (on the North Island).

Thus so far, only the Greens have enjoyed middle-party status. New Zealand's lack of mid-sized policy-based parties other than the Greens stands in marked contrast to Germany, where in most elections since 2005 there have been three such parties: Free Democrats as a liberal pro-business party (which has been in many coalitions dating back to the early postwar years), Greens (in coalition cabinets with the Social Democrats from 1998-2005), and the Left (which has not had federal ministerial posts).

As for New Zealand's micro-parties, their future is uncertain. First of all, those that are dependent on the legacy politician who founded the party may not outlast the eventual retirement or defeat of that leader. As noted, the Progressive Coalition has already shut down with the retirement of Jim Anderton. United Future has so far had only one election in which it could enter parliament without needing founder Peter Dunne's district. New Zealand First has sometimes needed leader Winston Peters's former Tauranga seat, and other times has cleared the threshold, as it did in 2011. (It also has a more consistent voting bloc and a policy profile.) Act is an intermediate case. It has staked out a position as a more liberal (in the sense of pro-market) party than National, and has won districts with different politicians in different elections. It also, as we noted, was large enough to qualify as a "mid-sized" party in the first three MMP elections (see Tables 1 and 3). Nonetheless, it has not had more than 7% of the vote since 2011, and remains vulnerable to failing to clear the threshold (as happened in 2008).

The other reason why the micro-parties might be threatened is if one of the recommendations of the Electoral Commission during the MMP Review were to be

implemented: the Commission recommended abolishing the one-district alternative threshold. The Commission's final report states (p. 8) that the existing arrangement is "arbitrary and inconsistent" because it "gives voters in some electorates [districts] significantly more influence over the make-up of parliament than voters in other electorates." Under the proposal--which would have to be accepted by parliament to become law--a party could still enter parliament by winning one or more districts, but doing so would not qualify it for participation in proportional allocation. Without the possibility of winning additional seats, the attractiveness of voting for--or even forming--a micro-party might diminish. As a partial counterweight to eliminating the one-seat alternative threshold, the Electoral Commission has recommended lowering the party-vote threshold from 5% to 4%,³⁵ as in fact the Royal Commission initially had recommended in 1986.

Party financing. Besides the institutional factors of MMP as adopted in New Zealand and the pursuit of executive posts, one other factor creates an interesting incentive as it changes the utility calculation of party politicians. In New Zealand, the state is the primary source of party funding for many parties. Based on the size of parliamentary representation, political parties are given a subsidy in order for them to perform their elected duties, manage their parliamentary offices, as well as their electorate offices. Salaries of Members of Parliament are also in accordance to seniority and position held as MPs. For example, cabinet members have ministerial salaries in addition to their MP salaries. A prime minister who is also a party leader receives a prime minister's salary, an MP salary, as well as a stipend as party leader.

For the large parties, National and Labour, the sources of party financing are well-established. For the smaller parties, on the other hand, party subvention by the Crown becomes their main source of income. For the micro-parties, the party leader who is also an MP receives the extra stipend of a party leader besides the usual financial support that MPs receive. For politicians with strong local support and in tandem with the low threshold for allocation of parliamentary seats, utility calculation of party politicians can

³⁵ In fact, the Commission's Report says that 3% would be preferable and would not be so low as to threaten government stability. However, it concludes such a change would be too drastic and politically unpalatable, thereby settling on 4%.

favor defecting from a major party, forming a small party, increasing their chances of being a party leader (if elected) as well as their chances of being a player in future coalition government negotiations. Since 1996 New Zealand has seen many micro-parties with varied lifespans but with a decidedly unequivocal impact on the party system and coalition formation. In fact, from 1999 onwards each of the governments had at least one coalition partner with a ministerial appointment that can be considered a micro-party.

In this section we have seen how various features of the MMP system, when combined with the country's flexible arrangements for inter-party cooperation in government-formation and policy-making, and party-financing laws, have contributed to the persistence of several micro-parties as well as the growth of one consistently mid-sized party. We now turn our attention to the relationship between the two tiers of the electoral system--the issue of "contamination" between the SMP and list-PR systems that comprise MMP.

Contamination and Dual Candidacies

In recent years, a substantial literature has grown up around the issue of so-called contamination effects in mixed-member systems.³⁶ The concept essentially means that the effects of one tier may affect how the other tier works. The main direction of contamination (or "spillover") discussed in the literature has been from the list tier to the nominal, resulting in more parties running and winning votes in the plurality races than would be expected if Duverger's Law of plurality elections were constraining. The argument is typically that parties might expect to receive fewer list votes if they abandoned the district race, but that voters are sufficiently reluctant to split tickets that

³⁶ Apparently the first use of the term, contamination, to refer to concurrent majoritarian and proportional balloting not being identical to the respective systems when used separately is Shugart and Carey (1992: 239-42). They refer to cases of presidential elections using plurality and legislative elections using PR. In the literature on mixed-member systems, the concept of contamination appears to have been used first by Herron and Nishikawa (2001), who emphasized in a comparison of the Japanese and Russian MMM systems that the PR tier results in a lessened impact of the single-seat districts on the number of parties.

this behavior by parties results in their candidates obtaining votes even where they are not competitive in the district (Cox and Schoppa 2002).

Another variant of the contamination thesis is that parties that have incumbent MPs in districts might benefit from a “personal vote” cultivated by their MP (Karp 2009). Again, this argument assumes many voters will not split a ticket, and will vote for the list of the MP’s party. This form of contamination actually implies that the presence of a nominal tier with personal-vote earning MPs will reduce the fragmentation of the PR tier, given that smaller parties rarely have the opportunity to benefit from a personal vote of a district MP.

Contamination effects and the number of parties

How does contamination, if present, affect the number of parties? On the one hand, the number of parties entering and receiving some significant vote shares in the single-seat districts might tend to be inflated, relative to a pure SMP system, by the presence of a list tier using proportional representation. A “reverse” version of the argument is that, despite proportional representation, the presence of SMP competition depresses the overall number of parties, because voters may cue on the major parties and their popular incumbents and then be reluctant to split their tickets. Obviously these two potential directions of contamination work against each other, and if both are present, we should see moderate multiparty competition dominated by the top two, and little difference in the effective number of parties across the two tiers. Parties other than the top two would be present in the districts, and would earn seats based on their party votes, but there would not be a large difference between the vote shares of parties in each tier. The alternative to the contamination thesis is that the two tiers behave as though they were separate SMP and PR systems: a multi-party system in the PR tier, but competition in the districts centered around two dominant parties.

The New Zealand case is especially auspicious for testing this thesis, given the change from SMP to MMP. Here we will do so by comparing pre-reform and post-reform elections in terms of the effective number of electoral parties. We will consider both the average of the various single-member districts before and after reform, as well as the national aggregate vote--in the MMP era, meaning both candidate and party votes. We

have already seen, in a previous section, that while the pre-reform party system was essentially a two-party system in parliament, there was considerable third-party voting especially from the mid-1970s on. Here we will look closer at the trends by bringing the district level in. It is, after all, at the district level where most of the posited effects on voter behavior take place (Moser and Scheiner 2012).

[FIGURE 1 ABOUT HERE]

Figure 1 shows a graph with three trends in the effective number of vote-earning parties (N_v) since 1963: the national aggregate of the candidate (district) votes (solid circles and connecting line); the mean of the individual districts (open circles and dashed line); party list votes under MMP (triangles). Several noteworthy observations can be made. First of all, there was a mostly upward trend in the effective number of electoral parties (N_v) from 1975 onward, with the notable exception of 1987. (Perhaps one might discount the 1993 rise, given that the referendum that was expected to approve MMP was concurrent with this election.) Moreover, the national aggregate and district means track each other quite closely, signaling that the rise was not principally a result of a deficiency in what Cox (1997) refers to as “linkage”; that is, it was not due to different patterns of district competition being inflated when we project the districts up to the national level. There is some greater uptick in the national aggregate than there is for the district mean in the 1978-84 period, but not much. The two lines increase at almost the same rate again in 1990-93. In other words, Duvergerian patterns of two-party competition were breaking down to some degree not only nationally, but also in the average district during these times. Nonetheless, we should not exaggerate the trend, because in no election was $N_v > 3.0$ until 1993.

As for the MMP period, there was a major spike in N_v by all three measures in 1996, as we might expect. We might say there was substantial contamination from the party vote to the district vote, as the average district sees N_v rise to 3.3. However, there is also an apparent reduction of linkage, suggesting district patterns became more distinct than they had been pre-reform. We see evidence for this in the fact that the national aggregate N_v based on candidate votes was closer to that based on party-list votes than it was to the district mean.

Then, with each passing election under MMP, there has been a downward trend in N_v based on candidate votes (both aggregate and district mean), even in years when N_v based on party votes turned upward, as it did in 2002 and, more modestly in the 2005-11 period. Strikingly, the district mean N_v is lower in the most recent three elections under the MMP era than it was in any election in the later SMP period of 1978-93, except for 1987. This is, of course, evidence against one variant of the contamination thesis, because a case could be made that the average single-seat district is more “Duvergerian” under the proportional mixed-member system than it was during a time when such districts were the only game in town.

The overall decline in fragmentation from its high point with the first MMP election suggests that the dominant trend is not so much contamination as it is the emergence of separate vote patterns in the two tiers.³⁷ This is suggested most especially by the three recent elections when N_v on party votes has trended modestly upward again, but that based on electorate votes has been lower than in most of the elections of the latter pre-reform period.

[FIGURE 2 ABOUT HERE]

It is worth noting that the pattern we see in Figure 1 in which the two tiers showing a distinct “psychological” effect (in Duverger’s terms) need not be typical of MMP. Compare Figure 2, which replicates what we saw in Figure 1, only for the case of Germany since 1953. Before unification in 1990, the mean district N_v was generally below 2.5, and hence quite “Duvergerian”. Moreover, there is little difference between the aggregate N_v for either nominal or list votes, suggesting little ticket splitting--a finding consistent with literature that directly addressed the phenomenon (e.g. Fisher 1973). In the 1990s and especially in the 2005 and 2009 elections, on the other hand, the mean district has become notably more fragmented. All three indicators have turned sharply upward, and the somewhat larger gap between nominal and list votes implies more ticket-splitting as well (confirmed in a study of the 1998 election by Gschwend, Johnston, and Pattie, 2003), but not--critically--to the extent of keeping anything like a

³⁷ Even as early as the second MMP election, Karp, Vowles and Banducci (2002) noted that split-voting followed a predictable pattern, with “strategic defections” away from parties that were not viable in the voter’s electorate.

Duvergerian equilibrium in the single-member districts. In fact, Germany's mean district N_v has not been below 2.5 since 1983, and rose to 2.9 in 2005 and 3.5 in 2009. Thus, at least over several recent elections, the two MMP systems seem to be diverging. Germany seems to be experiencing contamination from the PR tier to the nominal, whereas in New Zealand the two tiers are showing distinct patterns--two-party dominance in the single-seat districts, but considerable third-party voting on the PR vote.³⁸

Dual candidacy and personal-vote contamination effects

As we noted previously, some variants of the contamination thesis imply that large parties benefit from the "personal vote" cultivated by their incumbent MPs, and that this results in those parties that win many plurality races also performing especially well on the party-list vote. We have already cast some doubt on this form of contamination, by observing a recent growth in the gap between N_v based candidate and party votes.³⁹ There are other possible forms of cross-tier contamination, however, which we take up in this section. In particular, the practice of dual candidacy may create important cross-tier contamination effects. We could observe contamination on the intra-party dimension, meaning how parties and candidates relate to one another and how much incentive legislators have to cultivate connections to a locality (Shugart 2005). Specifically, intra-party contamination could mean either district-level electoral competition affording less local representation and accountability than a pure SMP system, or the list tier becoming "personalized" and "localized" in a way that would be unusual if the system were entirely a list proportional system (assuming lists are closed, as they are in New Zealand). At least in the New Zealand context, the former direction of possible contamination--weakening of district-level incentives on politicians--is controversial and perceived as normatively "bad" due to the perceived illegitimacy of dual candidacy. The other direction of

³⁸ The Scottish and Welsh MMP systems appear to be in between the effects we show here for Germany and New Zealand: a significantly lower N_v for the nominal tier compared to the list, but also average N_v in the districts that is greater than 3.0 (Crisp, et al, 2012).

³⁹ Horiuchi, Shugart, and Vowles (2013), analyzing the effect of redistricting on the vote in New Zealand, find evidence for a personal vote of incumbents, who tend to obtain fewer candidate votes from voters who were not in their district prior to redistricting. However, they do not find evidence for contamination, as voters who are redistricted are not less likely than other voters to vote for the list of the incumbent's party.

contamination likely would be considered “good” if it were perceived to be functioning. The consideration of how contamination works on the intraparty dimension in New Zealand is tied up in the issue of dual candidacy--the right of candidates to stand for office simultaneously in a district and on a party list.

In New Zealand, as in Germany and Japan but unlike in Taiwan, dual candidacies are allowed. In Germany, there seems little controversy over the practice, in contrast to the deep controversy found in Japan, where the “best loser” provision by which parties may choose to rank their lists may exacerbate perceived illegitimacy of dual candidacy. In New Zealand, the major parties, Labour and National, have tended to have a majority of their candidates run in both tiers simultaneously; in recent elections, the percentage has been 70% or higher. The Green Party likewise has dually nominated most of its candidates, including 97% of them in 2011. The micro-parties’ behavior has been somewhat variable. (Data from Vowles 2012.)

Dual candidacy has increasingly come under scrutiny and criticism. In fact, it was explicitly one of the provisions subject to the review of MMP following the referendum of 2011, under the Electoral Referendum Act of 2010. A case can be made that dual candidacy can be an efficient and desirable feature of a mixed-member system--“good contamination”, in a sense. Allowing dual candidacy means that parties have incentive to nominate high-quality personnel in districts that they may have little chance of winning. If dual candidacy were banned, a party might be disinclined to risk wasting a good candidate in a likely losing district contest, and instead ensure the candidate a place in parliament via a good rank on the party list. This risk would be especially acute for parties that expect to win seats only, or primarily, via the list. For instance, a party like the Greens, were there no dual candidacy, would be unlikely to nominate its best candidates in districts, because it depends on the party vote to gain seats. As the New Zealand Electoral Commission put it in its final report from the MMP review: “Without dual candidacy, MMP elections would be poorer contests” (Electoral Commission, 2012: 9).

A positive feature of dual candidacy is that it may encourage greater local representation than either a pure SMP or PR system would do. If MPs elected via the list set up local offices in the constituencies they contested but lost, then voters have

representatives that they can contact for assistance in more than just the party that won the most votes in their area. Evidence from the parliament elected in 2011 appears to bear this out. In National, eleven dual-listed MPs who won their seat via the party list maintain electorate offices and often identify themselves by titles such as “List MP based in [electorate name]”. Labour has eight list MPs who follow a similar strategy of maintaining an electorate office.⁴⁰ Even Greens, despite not coming close to winning an electorate, maintain several “Electorate Offices” although in fact, the offices are shared between multiple MPs and the offices are located in just a few cities where the party has its greatest strength. This pattern fits a party that is less geographically focused in its platform, but that has mainly an urban constituency. As for the fourth largest party, New Zealand First, in 2011 all but the leader, Winston Peters, were dual nominees and all but two of their MPs maintain electorate offices.⁴¹

The biggest controversy over dual candidacy stems from incumbents losing their district race yet remaining in parliament via the party list. That these legislators are sometimes referred to by names like “zombies” or “back-door MPs” calls attention to their perceived illegitimacy. Despite the controversy, there is little objective evidence that it is a major phenomenon of New Zealand experience with MMP. For example, Vowles (2012) shows that overall turnover of MPs from one election to the next actually has been greater under MMP than it was under SMP. Moreover, from 1999 through 2011, only once has the percentage of incumbent MPs defeated in a district race but remaining in office due to the list been above 10% of all district MPs (in 2005); it was only 2.9% in 2011. Moreover, most of these district losers who remain by winning a list seat retire after just one more parliamentary term (Vowles 2012).

The controversy over dual candidacy thus does not seem based in the actual results of elections in New Zealand. Moreover, if New Zealanders wanted to remove the possibility of district losers continuing, a simple “incumbent defeat assurance” provision could be inserted into the law as follows: a losing district incumbent whose own

⁴⁰ Labour and National each have a few MPs who ran only on a list. Some of these were recruited from the private sector for their policy expertise (e.g. trade or health), while others represent minority ethnic communities. Some of these list-only candidates set up offices upon being elected, while others did not.

⁴¹ The two are Peters and the MP elected in Peters’s former electorate of Tauranga, Brendan Horan.

candidate vote trails his or her party's vote in the district is skipped on the list. In this way, if the MPs in question lost because their party became less popular (which will often be a nationwide swing, and not a specifically local effect) they can retain their seat if they are sufficiently valued by their party as to have a list rank that permits their election. However, if they lose because they are less popular than their party, they are done--the list can't "save" them from rejection by their electorate. Such a proposal is discussed in the Electoral Commission's on-line Proposals Paper during the MMP review, although not specifically recommended.⁴² In the end, the Commission recommended no change to the dual-candidacy provision.

Conclusion

Fifteen years after the switch from SMP to MMP, not all New Zealanders are totally convinced by the merits of MMP as evidenced by the modest majority obtained by the current system at the referendum of 2011. The Royal Commission of 1985-86, which originally proposed the MMP system, certainly anticipated many of the well-known mechanical effects of MMP--particularly the high degree of proportionality--as the German example was available as a reference.

Yet, little did anybody anticipate that beyond the mechanical effects, the switch to MMP has resulted in some features of New Zealand politics that are distinctive. For example, the effective number of parties in the country has actually turned out to be somewhat lower than in Germany, despite the broad similarity of the systems. In recent years, the two cases have diverged, with Germany becoming more fragmented in both the nominal and list tiers. By contrast, in New Zealand, it seems that the tiers may be diverging from one another, as the two traditional parties, Labour and National, continue to dominate the district competition while various other parties combine for 20–25% of the party vote and a comparable share of the seats. New Zealand is characterized by many more very small parties than is Germany, which we attributed to the incentives of both the alternative threshold (one district victory being sufficient to win proportional

⁴² See <http://www.mmpreview.org.nz/proposals/dual-candidacy> (last accessed 27 February 2013). The Commission acknowledges a submission to the MMP Review by Shugart as the source of this suggestion.

representation) and the attractiveness of entering cabinets or becoming a support partner to either major party. This latter feature may be subject to change in the future, as the “legacy politicians” who founded several of the smaller parties eventually retire and especially if the Electoral Commission’s recommendation to abolish the alternative threshold is followed.

In surveying the effects of several mixed-member systems, Shugart and Wattenberg (2001b) asked whether they could offer “the best of both worlds”. While any such conclusions are necessarily normative, our overview of the consequences of MMP in New Zealand suggests that the answer may be yes. On the one hand, the system is overall proportional, as expected from its mechanical effect. On the other hand, voting in the single-seat districts has become relatively concentrated on the two main parties, and the presence of the nominal tier appears to allow for some degree of personal vote. In fact, legislators appear to maintain contact with local constituents (e.g. through electorate offices) even in districts where a different party has won the local contest. In these ways, we see the impact of both tiers shaping the political process in New Zealand.

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Table 1
NEW ZEALAND ELECTORAL STATISTICS, 1996-2011

Party		1996	1999	2002	2005	2008	2011
National	Vote %		33.8	30.5	20.9	39.1	44.9 47.3
	Seats*	44 (30, 14)	39 (22, 17)	27 (21, 6)	48 (31, 17)	58 (41, 17)	59 (42, 17)
Labour	Vote %	28.2	38.7	41.3	41.1	34.0	27.5
	Seats	37 (26, 11)	49 (41, 8)	52 (45, 7)	50 (31, 19)	43 (21, 22)	34 (22, 12)
NZ First	Vote %	13.4	4.3	10.4	5.7	4.1	6.6
	Seats	17 (6, 11)	5 (1, 4)	13 (1, 12)	7 (0, 7)	0	8 (0, 8)
Act	Vote %	6.1	7.0	7.1	1.5	3.7	1.1
	Seats	8 (1, 7)	9 (0, 9)	9 (0, 9)	2 (1, 1)	5 (1, 4)	1 (1, 0)
Alliance	Vote %	10.1	7.7	1.3	0.1	0.1	0.1
	Seats	13 (1, 12)	10 (1, 9)	0	0	0	0
Green	Vote %	--	5.2	7.0	5.3	6.7	11.1
	Seats	--	7 (1, 6)	9 (0, 9)	6 (0, 6)	9 (0, 9)	14 (0, 14)
Progressive	Vote %	--	--	1.7	1.2	0.9	--
	Seats	--	--	2 (1, 1)	1 (1, 0)	1 (1, 0)	--
United Future	Vote %	0.9	0.5	6.7	2.7	0.9	0.6
	Seats	1 (1, 0)	1 (1, 0)	8 (1, 7)	3 (1, 2)	1 (1, 0)	1 (1, 0)
Maori	Vote %	--	--	--	2.1	2.4	1.4
	Seats	--	--	--	4 (4, 0)	5 (5, 0)	3 (3, 0)
Mana	Vote %	--	--	--	--	--	1.1
	Seats	--	--	--	--	--	1 (1, 0)
Others	Vote %	7.5	6.1	3.6	0.1	2.4	3.3
Total seats		120	120	120	121	122	121

* Percentages are for party-list votes. For each party, seats are given as: total (electorates, list seats).

Table 2
Least Squares Index Values of Disproportionality: Japan, New Zealand,
Germany

Country (time period)	Electoral System	Mean	Min.	Max.
Japan (1996-2012)	MMM	14.53	8.52	25.73
Taiwan (2008-2012)	MMM	12.98		9.07
16.89				
New Zealand (1996-2011)	MMP	2.69	1.13	3.84
West Germany (1953-87)	MMP	2.2	0.5	4.69
Germany (1990-2009)	MMP	3.36	2.16	4.63

Table 3. Post-SMP Parliamentary Parties and Effective Number of Parties (N_s)

	# of parties	N_s	% seats, third party (and identity)
1996	6	3.76	14.2 (New Zealand First)
1999	7	3.45	8.3 (Alliance)
2002	7	3.76	10.8 (New Zealand First)
2005	8	2.95	5.8 (New Zealand First)
2008	7	2.78	7.4 (Green)
2011	8	2.98	11.6 (Green)
Mean (6 elections)	7.2	3.28	9.7

Source: New Zealand Electoral Commission and authors' own calculations

Table 4. Party Composition of MMP Governments in New Zealand

Year	Main party	Coalition partners with ministerial positions
1996	National	New Zealand First
1999	Labour	Alliance*
2002	Labour	Progressive, United Future
2005	Labour	Progressive, NZ First, United Future
2008	National	ACT, Maori, United Future
2011	National	ACT, Maori, United Future

Source: New Zealand Electoral Commission.

Italics indicate parties that entered parliament via winning at least one district, rather than obtaining over 5% of the party vote.

All coalition partners indicated had their ministerial positions “outside cabinet” with the exception of New Zealand First in 1996 and Alliance (1999) and Progressive (2002 and 2005), which were full cabinet partners in those governments.

*In addition, the Green Party was in a confidence and supply agreement with Labour during this government, but did not have any ministerial positions.

Figure 1. Effective number of parties over time in New Zealand

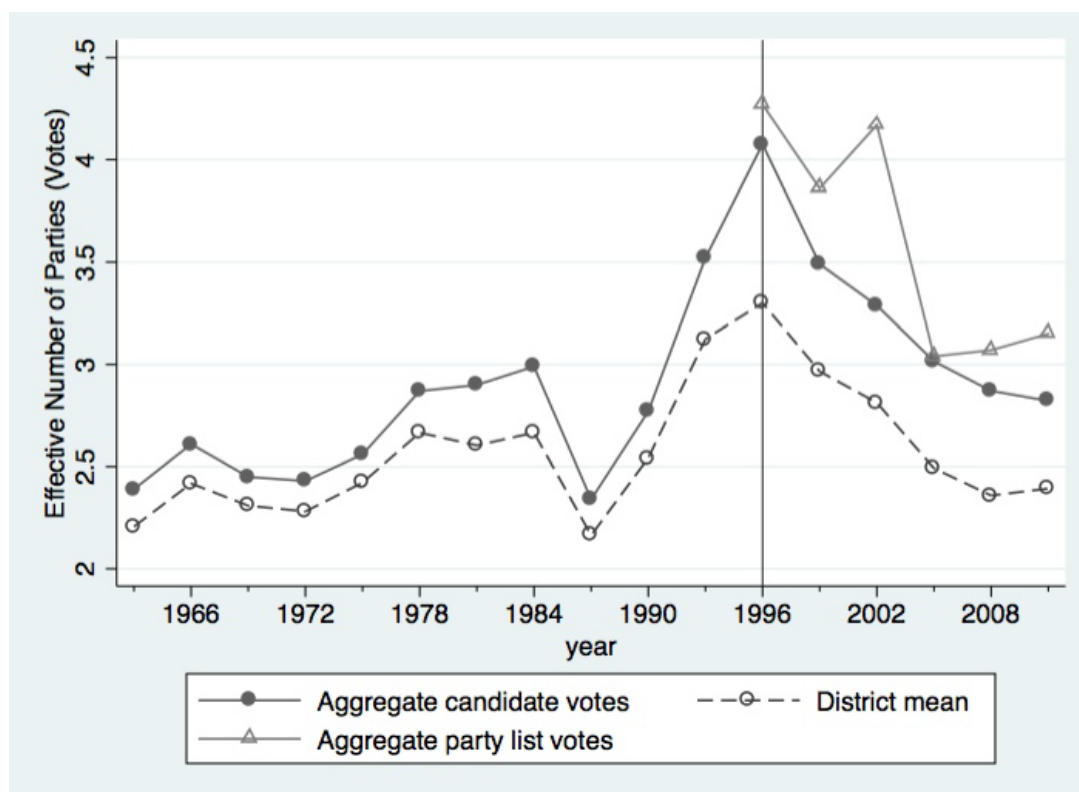


Figure 2. Effective number of parties over time in Germany

